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LETTER DATED 24 OCTOBER 1998 FROM THE PERMANENT REPRESENTATIVE OF IRAQ TO THE UNITED NATIONS ADDRESSED TO THE SECRETARY-GENERAL

On instructions from my Government, I have the honour to transmit to you herewith a letter dated 23 October 1998 from Mr. Mohammed Said Al-Sahaf, Minister for Foreign Affairs of Iraq, calling attention to the fact that the processing of contracts for spare parts for the oil sector is being obstructed by the representatives of the United States and the United Kingdom and requesting that the holds placed on pending contracts be lifted in keeping with the provisions of resolution 1175 (1998).

I should be grateful if you would have the present letter and its annex circulated as a document of the Security Council.

(Signed) Nizar HAMDOON
Ambassador
Permanent Representative

Annex

Letter dated 23 October 1998 from the Minister for Foreign Affairs of Iraq addressed to the Secretary-General

I refer to your letter dated 15 April 1998 addressed to the President of the Security Council (S/1998/330 and Corr.1, annex), in which you informed the Council that the group of experts established pursuant to paragraph 12 of resolution 1153 (1998) had concluded that under existing circumstances Iraq was unable to export petroleum or petroleum products sufficient to produce the total sum of $5.256 billion referred to in resolution 1153 (1998).

In the same letter, you recommended that the Security Council should permit Iraq to import spare parts and equipment valued at $300 million in accordance with the lists to be prepared by the Iraqi authorities concerned in cooperation with the group of experts and to be incorporated in the categorized list annexed to the procurement and distribution plan for phase IV that was subsequently approved by you on 29 May 1998. On that basis, the Security Council endorsed your recommendation in its resolution 1175 (1998) of 19 June 1998.

More than four months have passed since resolution 1175 (1998) was adopted and not one single spare part has yet reached Iraq. During the same time, the Iraqi Ministry of Oil has made exceptional efforts and has concluded more than 450 relevant contracts, of which 197 had been registered with the secretariat of the Security Council Committee established by resolution 661 (1990) as of 19 October 1998. The Committee has approved only 55 of these contracts, and the representatives of the United States and the United Kingdom have placed 61 contracts on hold on flimsy and tendentious pretexts with the goal of obstructing the delivery of the spare parts and equipment necessary for the repair and maintenance of oil-related infrastructure. This will inevitably mean that Iraq will be unable to export sufficient petroleum to meet requirements for the humanitarian supplies for which provision is made in the enhanced procurement and distribution plan for phase IV. We should like to refer in this connection to paragraph 2 of your report of 1 September 1998 pursuant to paragraph 10 of resolution 1153 (1998) (S/1998/823), in which you inform the Security Council that:

> "... should the current average price of $10.50 per barrel for Iraqi crude oil remain unchanged, ... revenues in the amount of only $3 billion could be achieved during a 180-day period [the duration of phase IV], starting in June 1998, provided the spare parts required were ordered immediately."

On 19 August 1998, we addressed identical letters to the President of the Security Council (S/1998/782, annex) and to Mr. António Monteiro, Chairman of the 661 Committee, describing the irresponsible practices of the representatives of the United States and the United Kingdom in placing on hold contracts for the purchase of spare parts and equipment urgently needed for the repair and maintenance of infrastructure for the production, processing and transportation of Iraqi petroleum. This had already reduced Iraq's anticipated revenues for the enhanced phase IV and consequently impeded the delivery of humanitarian goods and supplies for which purchase contracts had already been concluded. It

thus becomes impossible to implement the enhanced procurement and distribution plan in full, and this is incompatible with the provisions of resolution 986 (1995) and the recommendations of the Secretary-General that were endorsed by the Security Council in its resolution 1153 (1998) and had the objective of alleviating the humanitarian situation of the Iraqi people.

The conduct of the representative of the United States of America in the 661 Committee is part and parcel of the practices in which the United States Government engages against Iraq and which are congruent with the whole series of measures being taken by that Government for the purpose of undermining security and stability and intervening in the internal affairs of Iraq, a founding Member of the United Nations. We recently gave particulars of such measures to the Security Council in our letter dated 19 October 1998 (S/1998/965, annex).

While it appreciates the efforts you are making to demonstrate the true state of the oil-related infrastructure to the Security Council and to urge the 661 Committee to respond positively to the pressing demands for its repair and maintenance, as most recently embodied in the letter dated 1 October 1998 from the Executive Director of the Iraq Programme addressed to the Chairman of the 661 Committee, the Government of Iraq seeks your personal intervention with the 661 Committee and with the Governments of the United States and the United Kingdom in order to urge the expeditious processing of contracts for the purchase of oil-related spare parts and equipment and the immediate lifting of the holds placed on pending contracts, in keeping with the provisions of resolution 1175 (1998) that were approved by these two countries as well as by the other members of the Security Council.

As I await whatever measures you may take, I request you to have this letter circulated as a document of the Security Council.

(Signed) Mohammed Said AL-SAHAF
Minister for Foreign Affairs of Iraq